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MONEY FOR FARM PRODUCTION

Broadcast by Wallace Kadderly and Ruth Van Deman, Tuesday, February 2, 1943, in the Department of Agriculture portion of the National Farm and Home Hour over stations associated with the Blue Network.

ANNOUNCER: In Washington, here are Ruth Van Deman and Wallace Kadderly to talk about money...money in the form of credit to help farmers produce to the limit.

VAN DEMAN: Wallace, how many times have you heard farmers say: "If I had a little backing, I'd" and then finish the sentence telling how many more cows or hogs or acres of some crop he'd look after?

KADDERLY: Well, we've all heard that plenty of times, Ruth. But I don't believe we'll have occasion to hear it this year--not when some essential war commodity is the topic of conversation.

VAN DEMAN: And the reason we shouldn't hear it...

KADDERLY: Because it doesn't look as if there'll be any scarcity of credit for farm war production.

VAN DEMAN: It's part of the Government's job to see to it that every farmer who will produce more of what we need has the financing, isn't it.

KADDERLY: Yes, that's part of the over-all job of helping farmers meet the gigantic production goals. Only a few days ago, Secretary Wickard announced a new source of credit. The amount of extra money available from this source runs way up in the millions...Between 200 and 225 millions. And it's available in every county.

VAN DEMAN: Through a loan representative in each county... isn't that right?

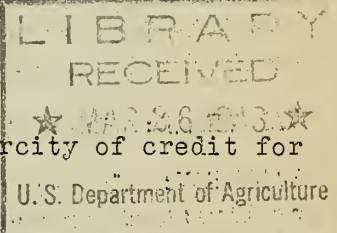
KADDERLY: Right. (And if I'm not mistaken, you've been studying this credit business....how come?)

VAN DEMAN: Just interested... After all, we women are just as interested as you men in seeing to it that we get maximum food production.

KADDERLY: Well, as you pointed out, Ruth, there'll be a loan representative in each county to handle this new credit. He'll be appointed by the USDA War Board in the county, and he'll be somebody who's already there. He'll be the county representative of the Regional Agricultural Credit Corporation--that's the corporation from which this new credit is coming.

VAN DEMAN: And I suppose a farmer who needs a loan goes to see the county loan representative.

KADDERLY: That's too broad a statement, Ruth. There are a good many sources of farm credit...the local bank, Production Credit Associations, the Farm Security Administration. This new credit--we seem to be getting the habit of calling it RACC credit for short...is not a substitute for other sources of credit. It isn't intended as a competitor against other sources. It's just more credit--to make



sure there's plenty. Remember, too, that we're talking about short-term credit--production credit--not about credit to buy land or make permanent improvements. And it's not to be used to refinance existing debts.

VAN DEMAN: All right...all right. I made too broad a statement. But anyhow, the county loan representative, appointed by the War Board, will make loans to farmers for production purposes.

KADDERLY: Absolutely.

VAN DEMAN: What I wanted to ask--because I know the farmer's wife wants to know--how does the farmer go about getting this credit?

KADDERLY: Well, it's like this: the farmer makes out a financial statement with his application. The loan representative and the War Board chairman in most cases can approve the application. This approval can be given at once. It's possible in most cases for the farmer to have his loan completed--and get the draft for the money--on his first visit to the War Board office.

VAN DEMAN: What about security for the loan?

KADDERLY: The answer is that collateral will be first liens on the commodities or livestock or whatever it is being financed.

VAN DEMAN: And the interest?

KADDERLY: The interest: 5 percent annually. Term: one agricultural season, not to exceed one year. Renewals--depending on the circumstances.

VAN DEMAN: One more question about this RACC credit. I know it's to be used for 1943 production, but can you give me some specific examples?

KADDERLY: I guess I could, but it's easier and just as clear, I believe, to read you a paragraph out of this document the Farm Credit Administration people gave me. It's headed "loan purposes." And it says: (READING) "Loans may be made to finance production, harvesting, and marketing of crops; purchasing, raising, breeding, fattening, and marketing of livestock; production and marketing of poultry products, and dairy products; purchases and repair of equipment essential to the farmer's production program; and for other purposes directly related or incident to the farming or livestock enterprise, including necessary labor and farm living expenses." Does that answer your question?

VAN DEMAN: Very well. You pointed out there are other sources of credit available to individual farmers for 1943 production. Are you prepared to review those sources?

KADDERLY: I can at least hit the high spots. I've already mentioned most of the sources: the country banks--they're glad to make loans that will aid production; then there are the Production Credit Associations whose members are farmers and ranchers. There are 530 of these Production Credit Associations, and in 1942 they loaned 478 million dollars.

A great many farmers--especially those in areas that have been hit by drought and storm and flood--know about the Emergency Crop and Feed Loans. Loans of this type are still available for use where and when they're needed.

When you hear about a farmer producing twice as much or three times as much food as he produced the year before, there's a pretty good chance that he's a borrower from the Farm Security Administration. And there's a good reason that's true. Many of the Nation's small farmers in the past have produced very little for market because they were short on credit, short on equipment, short on many of the essentials with which to produce. With a wartime market and Farm Security supervised loans, a great many of these small farmers make very spectacular increases in production.

Generally speaking, farm people are eligible for FSA loans if they can't get from any other source the credit they need to carry on and expand their farm operations...or to take part in cooperative buying, marketing, and processing. I want to mention two types of Farm Security loans that fit most directly into this subject of credit for production. One type is the operating loan; the other is the cooperative loan. These operating loans are for farm and home needs that enable families to expand production on farms they operate or to take over and keep in cultivation land that's idle. These loans are usually repayable in five years at 5 percent interest. The borrowers can use the loans to buy seed, fertilizer, livestock, and farming equipment and to rent land. They can also use the money for canning equipment, clothing, necessary medical care and sanitation facilities.

The other type of FSA loan I particularly want to mention is the cooperative loan. Farmers can organize and borrow money to buy purebred siros, machinery that happens to be available, and other farm and home items they can't afford to buy individually.

Now, the Department of Agriculture also provides another type of credit. Commodity Credit Corporation makes loans on crops after the crops are produced. These loans are price supports that assure farmers cooperating in the Department programs not less than 85 to 90 percent of parity prices. These loans encourage production; farmers know they can go ahead and produce and they won't be holding the bag. These loans also enable farmers to sell many of their products over a longer period of time and thus keep marketing orderly.

Commodity Credit acts in other ways to encourage production, but a description of those ways takes us away from our subject...the subject of credit directly available to the farmer.

Ruth, unless you have a question or something to add....

VAN DEMAN: Just one observation, Wallace. There'll be plenty of problems in meeting the production goals, but at least the farmer won't have to worry much about financing his operations.

ANNOUNCER: In this discussion of credit for 1943 farm war production, you've heard Ruth Van Deman and Wallace Kaddery of the United States Department of Agriculture. To continue the Farm and Home Hour, we return you to Chicago.

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